



**Streamlining Global Trade**

## **Foreign-Trade Zone No. 68**



**El Paso International Airport**

**El Paso's Foreign Trade Zone Program**

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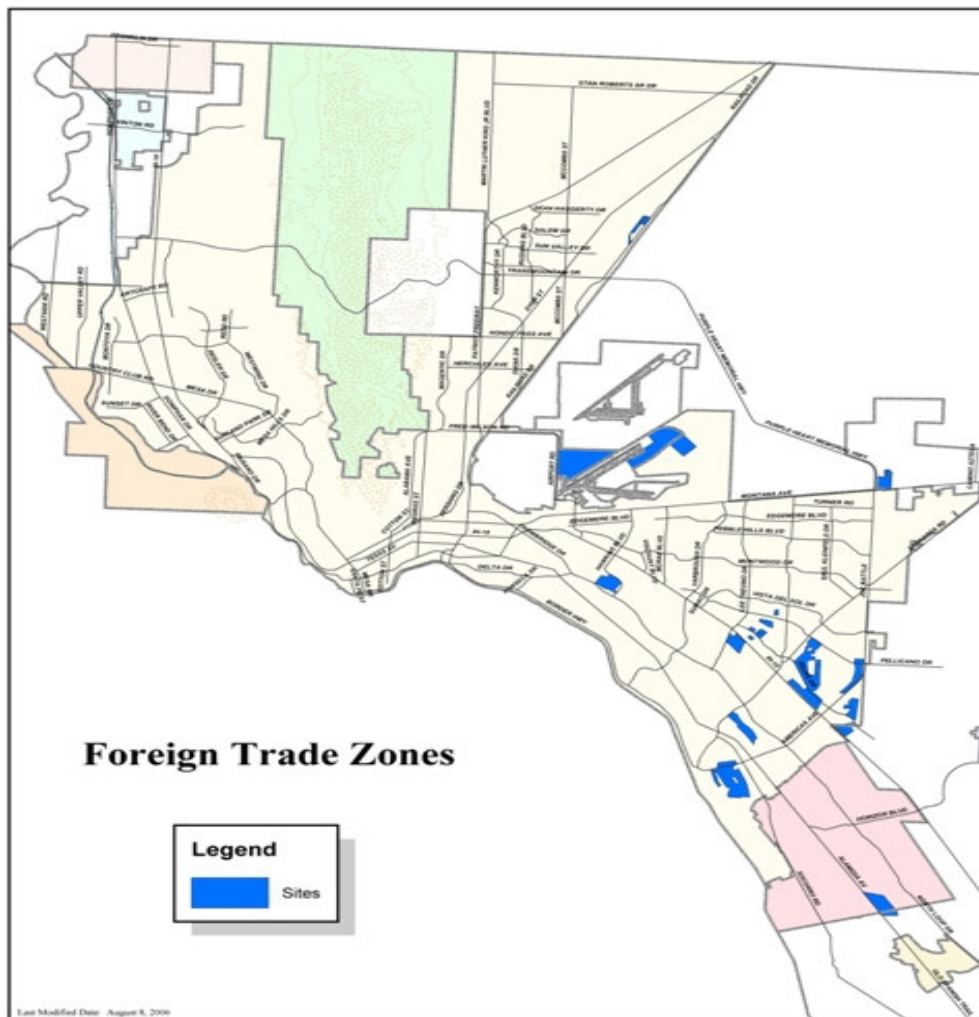


**FOREIGN-TRADE  
ZONE Nº 68**

El Paso International Airport

## *What is a* **Foreign Trade Zone?**

A **Foreign-Trade Zone (FTZ)** is a site within the United States, in or near a U.S. Customs port of entry, where foreign and domestic merchandise is generally considered to be in international commerce. Foreign or domestic merchandise may enter a zone without a formal Customs entry or the payment of Custom duties or government excise taxes.



### **There are two types of FTZ's:**

General-Purpose Zone: Operated as a public utility, where multiple uses conduct various activities such as storage, distribution, inspection, destruction, exhibition, and some processing. Manufacturing may be allowed upon approval from the US Foreign Trade Zones Board.

Sub zone: Where a company undertakes manufacturing and processing, including oil refinery activities that cannot be accommodated in a General-Purpose Zone. Sub-zones must be located at or near a port of entry. Sub zones require the approval of the Grantee.

## Our Mission...

To promote the **Foreign Trade Zone** program on a national and international basis to encourage greater participation in the FTZ program and attract new economic activity through El Paso's ports of entry, as well as to direct the operation of the FTZ program in partnership with qualified firms to reduce transaction costs for international commerce; and provide oversight of FTZ firms to ensure compliance with federal regulations and avoid Customs fines or penalties.

The City of El Paso is the Grantee and Operator of Foreign-Trade Zone No. 68, under El Paso International Airport. FTZ No. 68 is located at the International Trade Processing Center (ITPC) which opened in November 2004. The ITPC was set up to operate as a one-stop shop for international trade. This facility houses the U.S Customs and Border Protection offices for clearing and inspecting cargo. Specifically, all in bond merchandise general orders, Foreign-Trade Zone, bonded warehouse, and container freight station oversight is done from here. The administrative staff of FTZ No. 68 provides management oversight of FTZ operations including: 1. Activation, 2. Ongoing FTZ support services (i.e., auditing, record keeping, Customs compliance, billing, & reconciliation reporting), 3. Operational startup & FTZ training, 4. Coordination of applications to FTZ Board, 5. Governmental Liaison, and 6. Import/export assistance and referral.



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## Benefits of a Foreign-Trade Zone

In an FTZ, merchandise is considered to be in international commerce where one can:

- Store, distribute or exhibit
- Inspect and repackage
- Assemble, manufacture and process merchandise

### Benefits

- **Eliminate Duties and Quota Charges:** In an FTZ, Customs duties and quota charges are not paid on merchandise exported.
- **Defer Customs Duties and Federal Excise Taxes:** On imports, Customs duties and taxes can be delayed until merchandise is transferred into US Customs territory. Importers can store goods in an FTZ indefinitely without paying duty. IRS and government excise taxes are charged only when they are entered into US Commerce.
- **Reduce Duties:** By electing a zone status that Users apply to the lower duty rate for foreign inputs or finished goods, duties can be reduced.
- **Avoid Customs Fines & Seizures:** Merchandise can be admitted into an FTZ without markings, visa or quota documentation, while bringing their products or documentation into compliance with customs regulations.
- **No Duty on Waste:** Products that arrive damaged can be returned, stored in the FTZ or destroyed without having to pay duty or taxes.
- **US Quotas:** US Quota restrictions do not apply in an FTZ. When a quota opens, the merchandise may subsequently be entered into the US Commerce.
- **Eliminate Drawbacks:** Drawback laws are complex and expensive to administer.



- **Improve Cash Flow and Profitability:** through special Customs procedures such as Weekly Entry and Weekly Exports, companies can save on Customs transaction fees and expedite shipments out of an FTZ, thus improving their competitiveness.
- **Avoid Inventory Taxes:** No state and local ad valorem taxes apply to foreign merchandise in an FTZ.
- **Reduced Bond & Brokerage Costs:** In an FTZ the cost of buying an entry bond is eliminated, and brokerage fees are reduced because there is no post entry work.
- **Transfer of Title:** Allows merchandise ownership to be changed.
- **Direct Delivery:** Allows goods arriving at the port to be delivered directly into an activated FTZ.



# Major industries that benefit from Foreign-Trade Zones

Below is a list of industries that can realize benefits  
by utilizing the zone:

- Aerospace vehicles & components
  - Apparel & Textiles
- Automotive products & parts
- Biotechnology products
- Consumer Electronics & components
  - Food products
- Metals and Mineral products
  - Medical equipment & components
- Plastic & Rubber products
- Pharmaceutical products
  - Renewable Energy equipment & components



## FTZ Public warehouses serve Importers and Exporters:



These public warehouses provide a variety of logistics and value added services to the general public, and combined have over half a million square feet of activated space.

- **Morrison Express**, 9515 Plaza Circle, El Paso, TX 79927, (915) 781-0134. Contact: Mona Lopez, [mona\\_lopez@morrisonexpress.com](mailto:mona_lopez@morrisonexpress.com)
- **Nippon Express**, 28 E Walter Jones, El Paso, TX 79906, (915) 778-2868, Contact: Evelyne Upton, [Evelyn\\_Upton@nittsu.com](mailto:Evelyn_Upton@nittsu.com)
- **Pedraza Customhouse Brokers**, 9701 Pan American, El Paso, TX (915) 772-3588. Contact: Mary Frances Allen, [mfallen@pedrazachb.com](mailto:mfallen@pedrazachb.com)
- **ProTrans International Inc.**, 12425 Rojas Drive Bldg. 1, El Paso, TX 79928, (915) 298-3690. Contact: Joe Garcia, [jgarcia@protrans.com](mailto:jgarcia@protrans.com)
- **Trans-Expedite**, 7 Founders, El Paso, TX 79906, 779-9100. Contact: Hector Martinez, [hectorm@trans-expedite.com](mailto:hectorm@trans-expedite.com)
- **UPS Supply Chain Solutions**, 360 Americas, El Paso, TX 79907, (915) 298-6005. Contact: David Chavez, [David.Chavez@ups-scs.com](mailto:David.Chavez@ups-scs.com)



# Glossary of Foreign-Trade Zone Terms

**ACTIVATION** - Approval by the grantee/operator and U.S. Customs, permitting operations to begin which allow the admission and storage of merchandise in the zone.

**ALTERATION** – 1) A change in the boundaries of an activated zone or sub-zone; 2) Activation of a separate site of an already activated zone or sub-zone with the same operator of the same part; 3) The relocation of an already activated site with the same operator.

**CONSTRUCTIVE TRANSFER** – A legal fiction that permits acceptance of a customs entry for merchandise in a zone before its physical transfer to the customs territory.

**CUSTOMS TERRITORY** – The territory of the U.S. in which the general tariff laws of the U.S. apply. U.S. Customs territory includes the states, the District of Columbia and Puerto Rico minus any areas within the boundaries of Foreign Trade Zones.

**DRAWBACK** – Import duties or taxes repaid by a government, in whole or in part, when the imported goods are re-exported or used in the manufacture of exported goods.

**FIRST IN-FIRST OUT (FIFO)** – An accounting method based on the assumption that older stock is disposed of first. This requires merchandise to be fungible without regard to the source (e.g., foreign or domestic) and a perpetual inventory system that identifies the merchandise by a unique identifier number to distinguish the goods from all other goods.

**FOREIGN-FIRST (FOFI)** – An accounting method based on the assumption that foreign status merchandise is disposed of first. For example, if 100 domestic units and 100 foreign units are commingled in a zone, the first 100 units withdrawn would be identified as the foreign units.

**FOREIGN TRADE ZONE** – An isolated, enclosed and policed area operated as a public utility, in or adjacent to a port of entry, furnished with facilities for lading, unlading, handing, storing, manipulating, manufacturing and exhibiting goods and for reshipping them by land, water or air. Any merchandise, except that which is prohibited by law or other applicable regulations, may be brought into a zone without being subject to the customs laws of the United States and may be stored, exhibiting goods and for reshipping them by land, water or air. Any merchandise, except that which is prohibited by law or other applicable regulations, may be brought into a zone without being subject to the customs laws of the United States and may be stored, exhibited, manufactured, mixed or manipulated in any manner as provided by applicable laws and regulations. Merchandise is subject to customs duties if it is sent into customs territory from the zone. It may escape such duties if it is exported from or destroyed in the zone.

**FOREIGN TRADE ZONES BOARD** – Established to carry out the provisions of the Foreign Trade Zone Act, the board consists of the Secretary of Commerce, the Secretary of the treasury and the Secretary of the Army.

**GRANTEE** – A corporation to which the privilege of establishing, operating and maintaining a Foreign Trade Zone has been granted by the Foreign Trade Zones Board.

**INVERTED TARIFF STRUCTURE** – Imported parts are dutiable at higher rates than the finished product into which they are incorporated.

**MANIPULATION** – As defined in Section 562 of the Tariff Act, processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded or otherwise changed in condition. The precise distinction between manipulation and manufacturing is subject to interpretation and has a long history of case law.

**MANUFACTURING** – The FTZ Board has defined it as any process that results in a change in customs classification of the merchandise, and therefore, requires prior clearance from the Board pursuant to the manufacturing conditions in specific Foreign Trade Zone grants. The U.S. Customs Service determines what constitutes manufacturing on a case-by-case basis, distinguishing it from other operations such as manipulation, processing, production and blending.

**MERCHANDISE** – Includes goods, wares and chattels of every description, except prohibited merchandise, building materials, production equipment and supplies for use in operation of a zone.

**OPERATOR** – A corporation, partnership or person that operates a zone or sub-zone under the terms of an agreement with the grantee. A grantee may act as its own operator.

**REACTIVATION** – A resumption of the activated status of an entire area that was previously deactivated without any change in the operator or the area boundaries, as opposed to an alteration (boundaries are different) or an activation (operator is different).

**SUB-ZONE** – A special purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within an existing zone.

**USER** – A person or firm using a zone for storage, handling or processing of merchandise. NOTE: An operator may authorize a user to maintain its own inventory system and manual; however, the operator remains responsible to customs for the system unless the user posts its own operator's bond.

**ZONE PROJECT** – All of the zone and sub-zone sites under a single grantee, normally a single port of entry.

**ZONE STATUS** – The status of merchandise admitted to an FTZ, i.e., domestic (D), non-privileged foreign (NPF), privileged foreign (PF), or zone restricted (ZR) status.